



## ACCIDENT AND HEALTH

### Advantages of Carving Out AD&D from a Life Policy (Offering Stand Alone AD&D)

#### BASIC ACCIDENTAL DEATH & DISMEMBERMENT (AD&D):

1. Chubb's Basic AD&D benefit can provide higher limits than many companies that cap their Basic Life at 50K to avoid issues with imputed income. Chubb's Basic AD&D benefit does not have a cap. If the AD&D is "carved out" (offered separately) from the Life policy, the employer can provide a higher AD&D schedule.
2. In many cases, more enhancements are available on standalone AD&D policies than those that are issued with AD&D as a rider to the Life coverage.
3. Most group Life policies pay on a decreasing graded scale, while Chubb pays level commissions for standalone AD&D.
4. For larger companies that have experience rated Life policies, offering a standalone AD&D allows the AD&D experience to be separate from the Life experience, which may help lower renewal pricing.
5. Life policies exclude being in, entering or exiting any aircraft owned, leased or operated by the policyholder, as well as war. This coverage can be beneficial to some policyholders and can be included by removing the exclusions from an AD&D policy for an additional fee.

#### VOLUNTARY ACCIDENTAL DEATH & DISMEMBERMENT (AD&D):

1. If the AD&D is a rider on the Life policy, every person who is denied supplemental Life due to medical reasons is also denied for voluntary AD&D. When Voluntary AD&D is provided as a standalone policy, this doesn't happen because Evidence of Insurability is not factored in on the Chubb standalone AD&D policy. There are no medical exams or health questions, thus the number of insureds may be higher.
2. When AD&D is attached as a rider to the Life policy, the insured is usually limited to the same amount of coverage for Life and AD&D. Most voluntary Life plans have a maximum of 7 times salary limits, while Chubb's standalone AD&D policy can offer coverage up to 10 times salary.
3. When AD&D is attached as a rider to the Life policy, the insured isn't offered the option to purchase AD&D without also purchasing the Life insurance and, as such, may not purchase either. Chubb's AD&D coverage is offered separately from any Life insurance selection. If a person is uninsurable for supplemental life, they might want more AD&D.
4. Often there are more enhancements available on standalone Voluntary AD&D policies than on an AD&D Rider attached to a life policy.
5. Some Life policies may have participation requirements. With Voluntary AD&D there are no participation requirements, only minimum premium.
6. Most Life plans limit benefits available for family coverage and dependents. Standalone AD&D plans are more flexible and provide more family coverage limits and benefits.
7. Life policies exclude being in, entering or exiting any aircraft owned, leased or operated by the policyholder, as well as war. This coverage can be beneficial to some policyholders and can be included by removing the exclusions from an AD&D policy for an additional fee.

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